

## Message Text

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PAGE 01 EC BRU 03971 211825Z

44

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 EURE-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 1019

INFO ALL EC CAPITALS 2026

AMEMBASSY CANBERRA

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PASS AGRICULTURE AND STR

E.O. 11652: N/A

TAGS: EAGR, EEC, ETRD, GATT

SUBJECT: EC IMPORT REGIME ON PROCESSED FRUITS AND VEGETABLES

REF: (A) STATE 88214, (B) EC BRUSSELS 3405, (C) EC BRUSSELS 3252,  
(D) EC BRUSSELS 2101, (E) EC BRUSSELS 3232, (F) EC BRUSSELS 3477

1. SUMMARY: MISSION OFFICER MET WITH COMMISSION OFFICIALS ON APRIL 21 TO DISCUSS EC IMPORT REGIME FOR PROCESSED FRUITS AND VEGETABLES PER REFTEL A. THE COMMISSION DOES NOT INTEND TO OFFER ANY PROPOSALS TO THE US THAT WOULD MODIFY THE REGIME AND AWAITS THE OPPORTUNITY TO DEFEND ITS COMPATIBILITY WITH THE GATT IN THE CONTEXT OF ARTICLE XXXIII:2. THE COMMISSION HAS PROPOSED TO THE COUNCIL, HIGHER M.I.P.'S ON TOMATO CONCENTRATES, END SUMMARY.

2. MISSION OFFICER MET WITH SIMONNET (DG-1), MARMULLA (DG-VI) AND GANGEMI (DG-I) ON APRIL 21 TO DISCUSS EC IMPORT REGIME ON PROCESSED FRUITS AND VEGETABLES PER REFTEL A. SIMONNET EXPRESSED SURPRISE AT OUT DEMARCHE BECAUSE HIS UNDERSTANDING WAS THAT BOTH THE US AND EC HAD AGREED THAT GATT ARTICLE XXIII:1 NEGOTIATIONS WERE CONCLUDED ON THE MATTER

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PAGE 02 EC BRU 03971 211825Z

AND THAT THE US WOULD BE PROCEEDING DIRECTLY TO GATT ARTICLE

XXIII:2 (REFTEL C). MISSION OFFICER EXPLAINED THAT THIS WAS CORRECT, REFERRING TO TIMING OF US-EC BILATERAL CONSULTATIONS AS REASON WHY US DID NOT REQUEST THE MATTER BE PLACED ON THE AGENDA OF THE NEXT GATT COUNCIL, APRIL 27. HOWEVER, DISCUSSIONS PER REFTEL B HAD INDICATED THAT COMMISSION MIGHT BE THINKING OF POSSIBLE WAYS EC COULD MEET CERTAIN US OBJECTIONS AND WASHINGTON WANTED TO MAKE KNOWN THAT IT WAS WILLING TO CONSIDER ANY FORMAL PROPOSAL THE COMMISSION WOULD MAKE IN THIS REGARD.

3. SIMONNET RESPONDED THAT HE HAD NOTHING MORE TO ADD ON THE SUBJECT. SINCE THE US HAD CHOSEN TO BASE ITS CASE ON PRINCIPLES, HE SAID, THERE COULD BE NO ROOM FOR NEGOTIATIONS AND ONLY A GATT RULING COULD RESOLVE OUR JURIDICAL DIFFERENCES. MARMULLA ADDED THAT THE EC WOULD BE WILLING, FOR EXAMPLE, TO TALK WITH THE US ABOUT THE LEVEL OF THE MINIMUM IMPORT PRICE ON TOMATO CONCENTRATES BUT THE US FELT THAT ANY M.I.P. WAS INCONSISTENT WITH THE GATT AND SHOULD BE REMOVED. MISSION OFFICER RESPONDED THAT INDEED THE US DID NOT WANT TO NEGOTIATE M.I.P. LEVELS AND THAT IT (ALONG WITH THE TRADE) WAS INTERESTED IN A GATT RULING ON THE INCONSISTENCY OF THE M.I.P. AND LICENSING/DEPOSIT SYSTEM. SIMONNET CONTINUED WITH HIS OFTEN-HEARD POSITION THAT THE US TRADE IN TOMATO CONCENTRATES AND THE ADDED COST OF THE LICENSE/DEPOSIT SCHEME WERE MINIMAL AND THAT THE EC WELCOMED THE OPPORTUNITY TO DEFEND THE EC SCHEME IN THE GATT. HE FURTHER ALLEGED THAT HE HAD EVIDENCE THAT THE US WAS DUMPING (I.E., SELLING AT PRICES BELOW THOSE IN THE US) CERTAIN PROCESSED FRUITS AND VEGETABLES INTO THE EC. WHEN ASKED WHICH PRODUCTS THESE WERE, SIMONNET SAID HE WOULD REVEAL THIS IN GENEVA.

4. ATTEMPTS BY MISSION OFFICER TO PURSUE WITH SIMONNET POSSIBLE WAYS EC COULD ACCOMMODATE US AS WE HAD DISCUSSED REFTEL B (E.G., INCORPORATING INTEREST ON DEPOSIT INTO THE BOUND DUTY LEVEL, EXEMPTING US FROM M.I.P.) DID NOT MEET ANY INTEREST ON HIS OR HIS COLLEAGUES' PART.

5. COMMISSION OFFICIALS CONFIRMED THAT THE COMMISSION HAS SUBMITTED A PROPOSAL FOR A COUNCIL DECISION TO RAISE THE M.I.P. ON TOMATO CONCENTRATES FROM THIRD COUNTRIES FROM 600 U.A./M.T. TO 640 U.A./M.T. (FROM 400 TO 480 U.A./M.T. IN THE NEW EC MEMBER STATES). THIS PROPOSAL, SIMONNET EXPLAINED, WAS MADE IN THE CONTEXT OF THE GENERAL AGRICULTURAL SUPPORT PRICE INCREASES DECIDED LAST MONTH. THE LIMITED OFFICIAL USE

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PAGE 03 EC BRU 03971 211825Z

COMMISSION EXPECTS THE M.I.P. INCREASE TO BE APPROVED WITHOUT DISCUSSION AT THE NEXT COUNCIL MEETING.

6. THE M.I.P. APPLIED TO TOMATO CONCENTRATES FROM GREECE WOULD REMAIN AT 550 U.A., STILL LESS THAN 18 PERCENT BELOW THAT FOR THIRD COUNTRIES. IT WILL BE REMEMBERED THAT GREECE HAS CLAIMED THAT THE M.I.P. APPLIED TO ITS TOMATO CONCENTRATES SHOULD TAKE INTO ACCOUNT THAT GREECE RECEIVES DUTY-FREE TREATMENT INTO THE EC WHILE TOMATO

CONCENTRATES FROM OTHER SUPPLIERS ARE ASSESSED AN 18 PERCENT DUTY AND THEIR M.I.P. REFERS TO C.I.F. PRICES DUTY-PAID (REFS D,E, AND F). SIMONNET SAID THAT THE COMMUNITY COULD NOT LOWER THE M.I.P. FOR GREECE SINCE IT IS EXPECTED AT SOME TIME TO HARMONIZE WITH EC PRICES AFTER ACCESSION.

7. COMMENT: SIMONNET'S EARLY MUSINGS ON POSSIBLE WAYS TO ADAPT THE EC REGIME TO SATISFY US OBJECTIONS WERE NO MORE THAN HIS "THINKING ALOUD". HE CLEARLY DID NOT WANT TO PURSUE THEM IN THE PRESENCE OF HIS DG-VI COLLEAGUES, WITHOUT WHOSE CONSENT HE CANNOT MAKE A PROPOSAL THAT WILL STICK. WE EXPECT NO FORMAL MOVE OR PROPOSAL FROM THE COMMISSION TO ACCOMMODATE THE US ON THIS MATTER. HINTON

NOTE BY OC/T: NOT PASSED STR.

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## Message Attributes

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